

Current Issues Affecting U.S. Agricultural Trade

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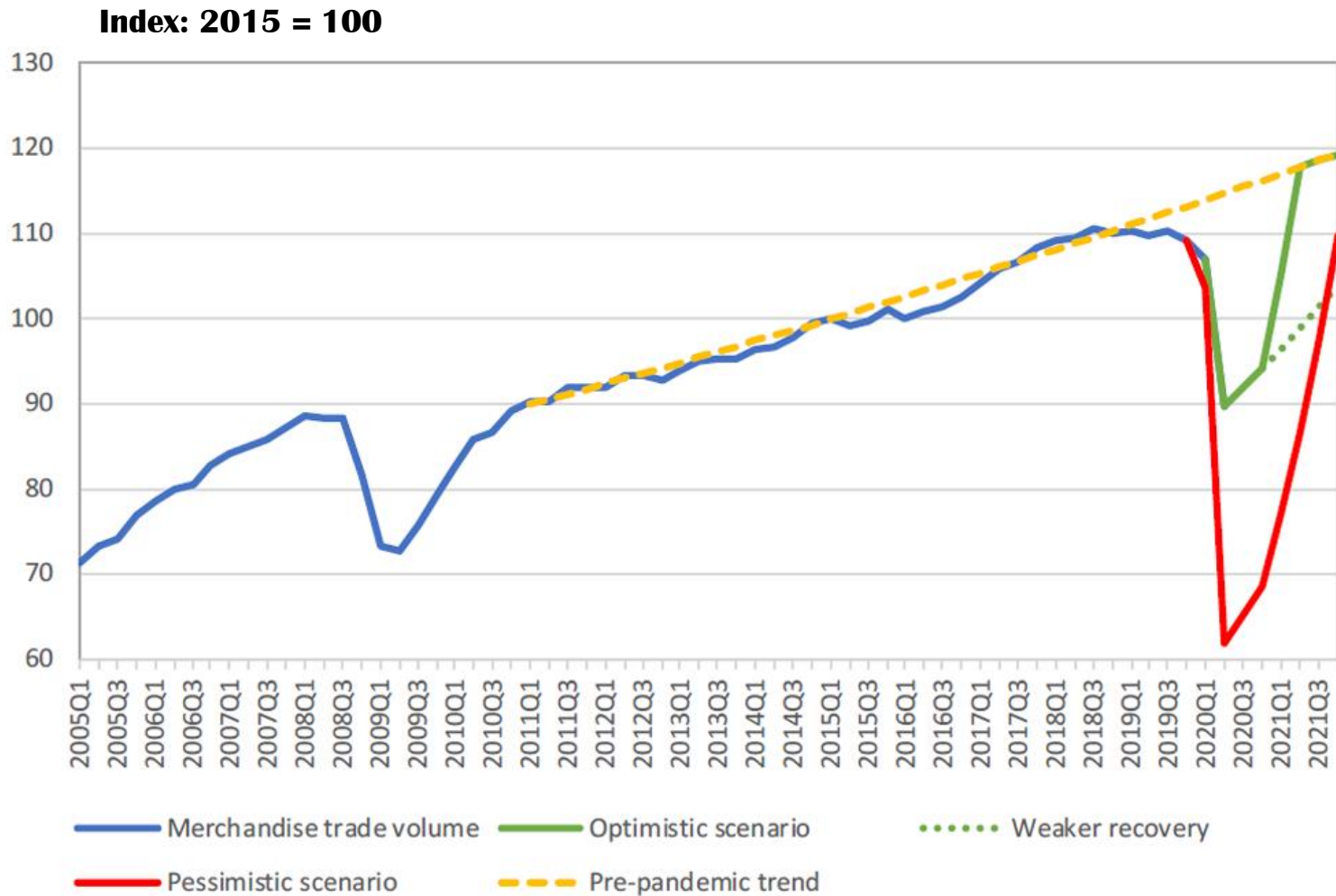


THE OHIO STATE UNIVERSITY
COLLEGE OF FOOD, AGRICULTURAL,
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Global Trade and the Pandemic

- ❖ **Second quarter of 2020 – year-on-year volume of global merchandise trade fell by 18.5% (WTO)**
- ❖ **Could have been much worse – WTO's April forecast was a 13-32% decline in 2020**
- ❖ **Still considerable uncertainty about trajectory of trade for rest of 2020 into 2021**
- ❖ **Macroeconomic and trade policy decisions critical to mitigating impact of pandemic on both global output and trade**

World Merchandise Trade Volume



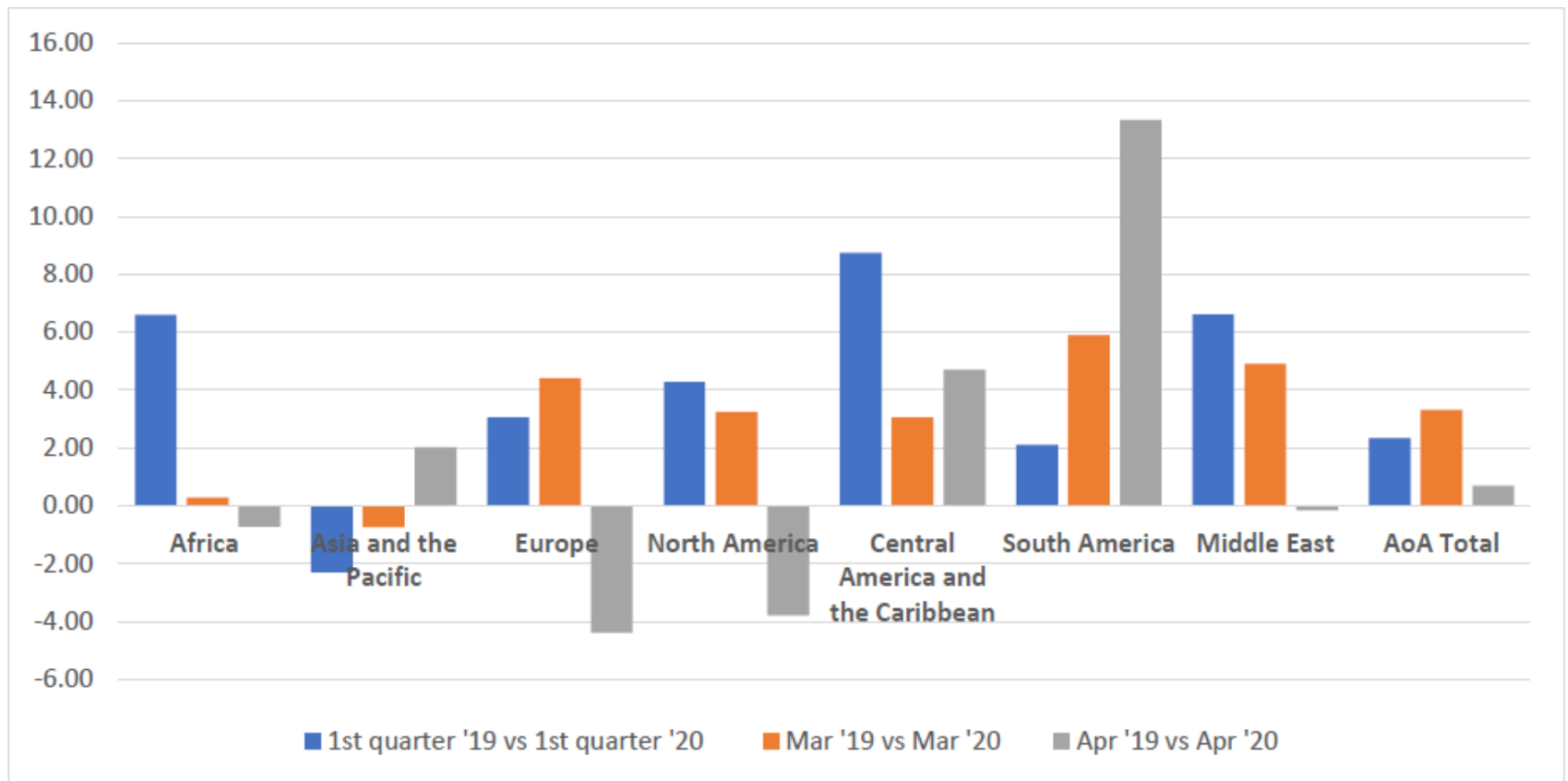
Source: WTO/UNCTAD (June 2020)

Global Agricultural Trade

- ◇ **Agricultural trade has been resilient**
- ◇ **Global agricultural exports rose by $\approx 2\%$ by end of May with variation across regions**
- ◇ **Reflects:**
 - **essential nature of food and income-inelasticity of demand**
 - **bulk marine shipments of commodities not subject to major disruptions**
- ◇ **Currently no reason why ongoing health crisis should turn into global food security crisis**

Agricultural Exports by Region

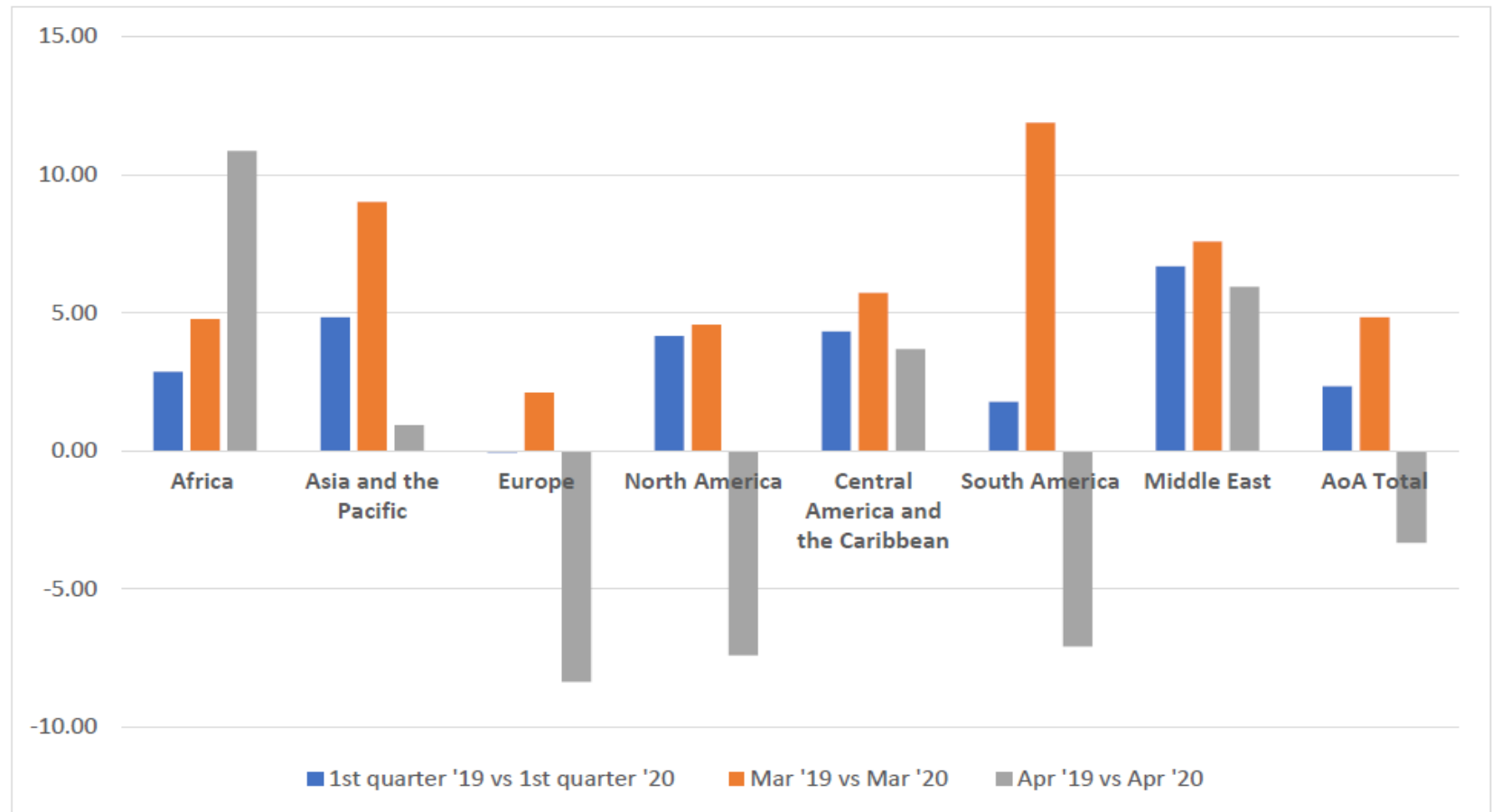
% change



Source: WTO Secretariat (August 2020)

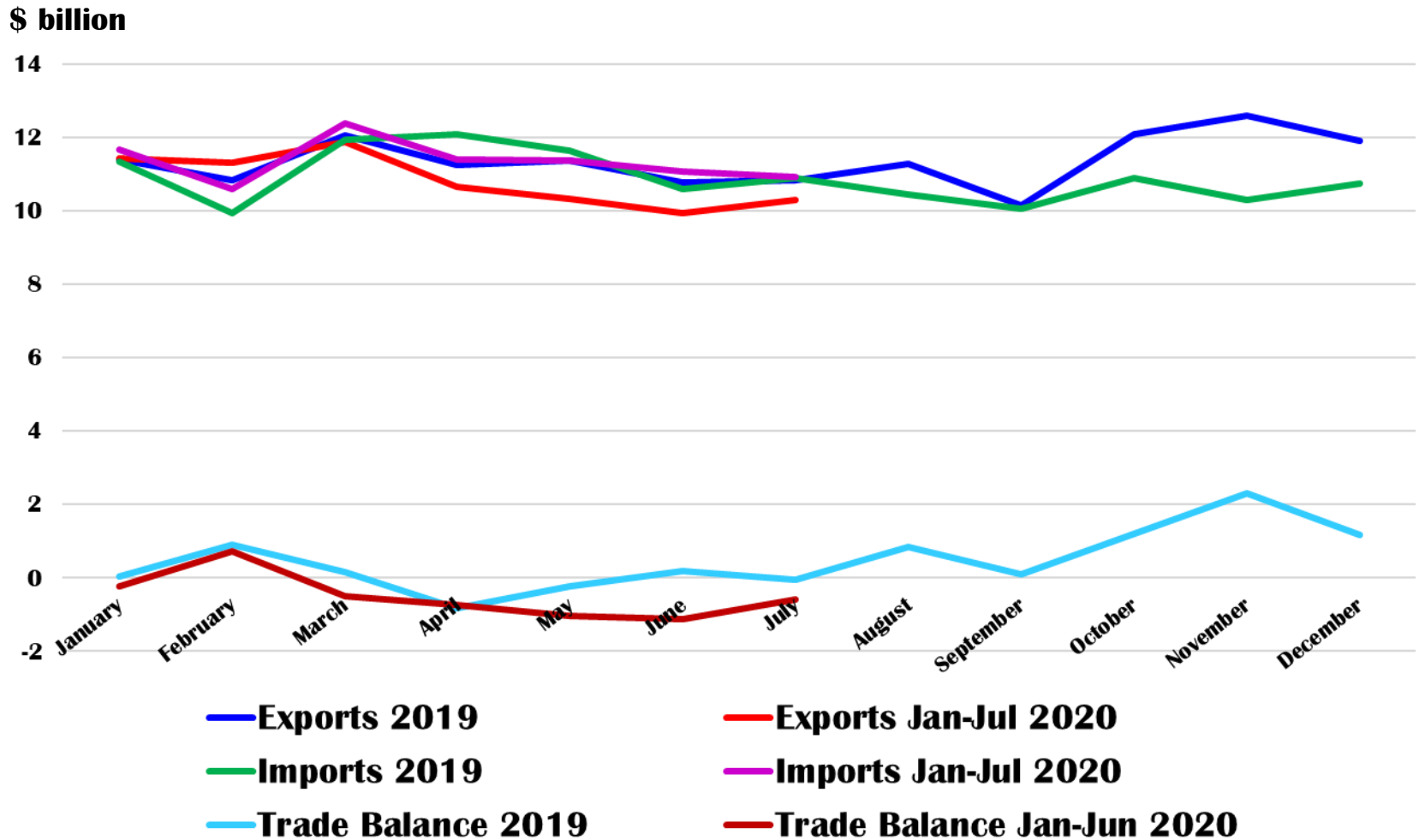
Agricultural Imports by Region

% change



Source: WTO Secretariat (August 2020)

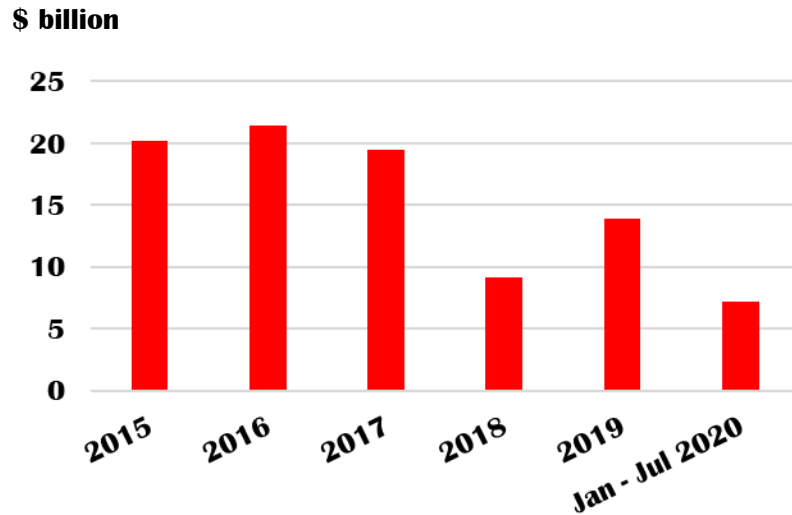
U.S. Agricultural Trade



Source: USDA/ERS September 4, 2020

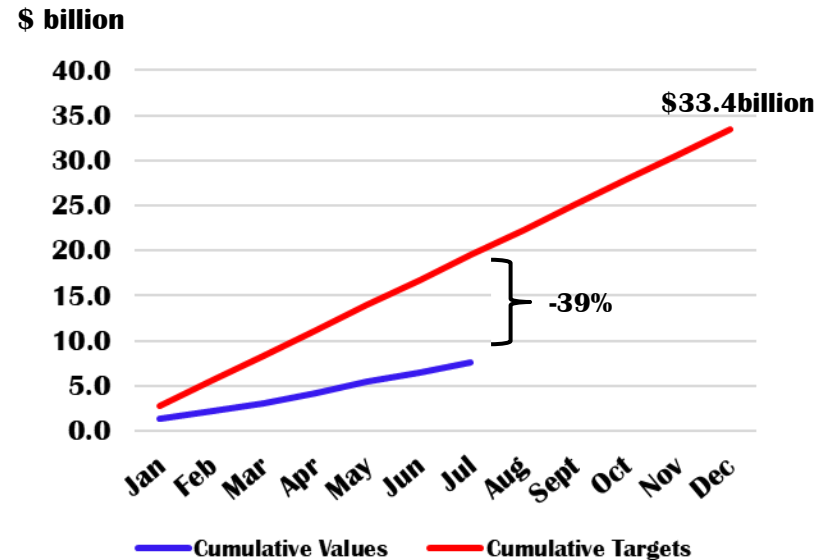
U.S. - China Agricultural Trade

U.S. Agricultural Exports to China



Source: USDA/FAS, September 2020

Phase 1 Agreement: U.S. Export Values vs. 2020 Target

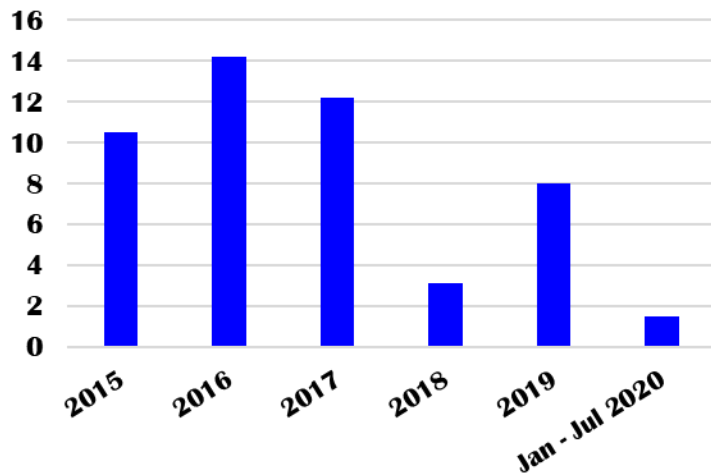


Source: PIIE, September 2020

U.S. - China Agricultural Trade

U.S. Soyabean Exports to China

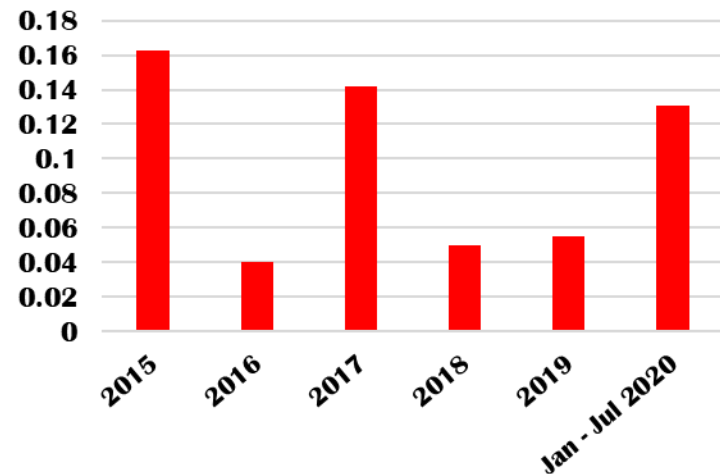
\$ billion



Source: USDA/FAS, September 2020

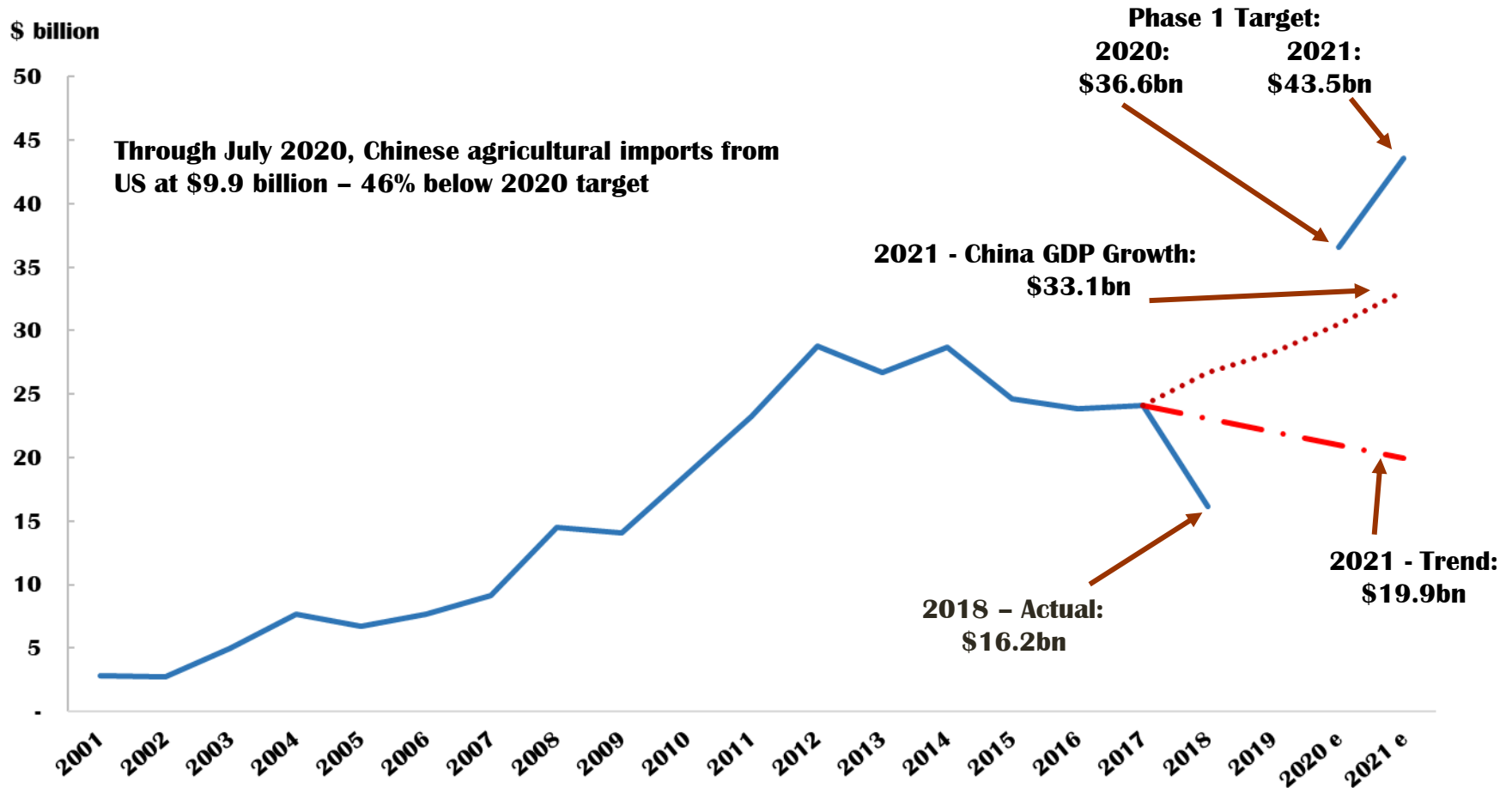
U.S. Corn Exports to China

\$ billion



Source: USDA/FAS, September 2020

Context: Chinese - U.S. Agricultural Trade



Source: PII, September 2020

U.S. - China Phase 1 Trade Deal

- ❖ **Phase 1 trade deal a commitment by China to “voluntary” agricultural import expansion (VIE)**
- ❖ **Equivalent to import subsidies of 12-23% (2020), and 42-59% (2021) (Feenstra and Hong, 2020)**
- ❖ **Significant distortion to international market, with trade diversion from multiple countries**
- ❖ **Will be challenging to meet import commitments via Chinese state trading**
- ❖ **WTO panel ruling against US’s 2018 tariffs has probably compounded difficulty of hitting targets**